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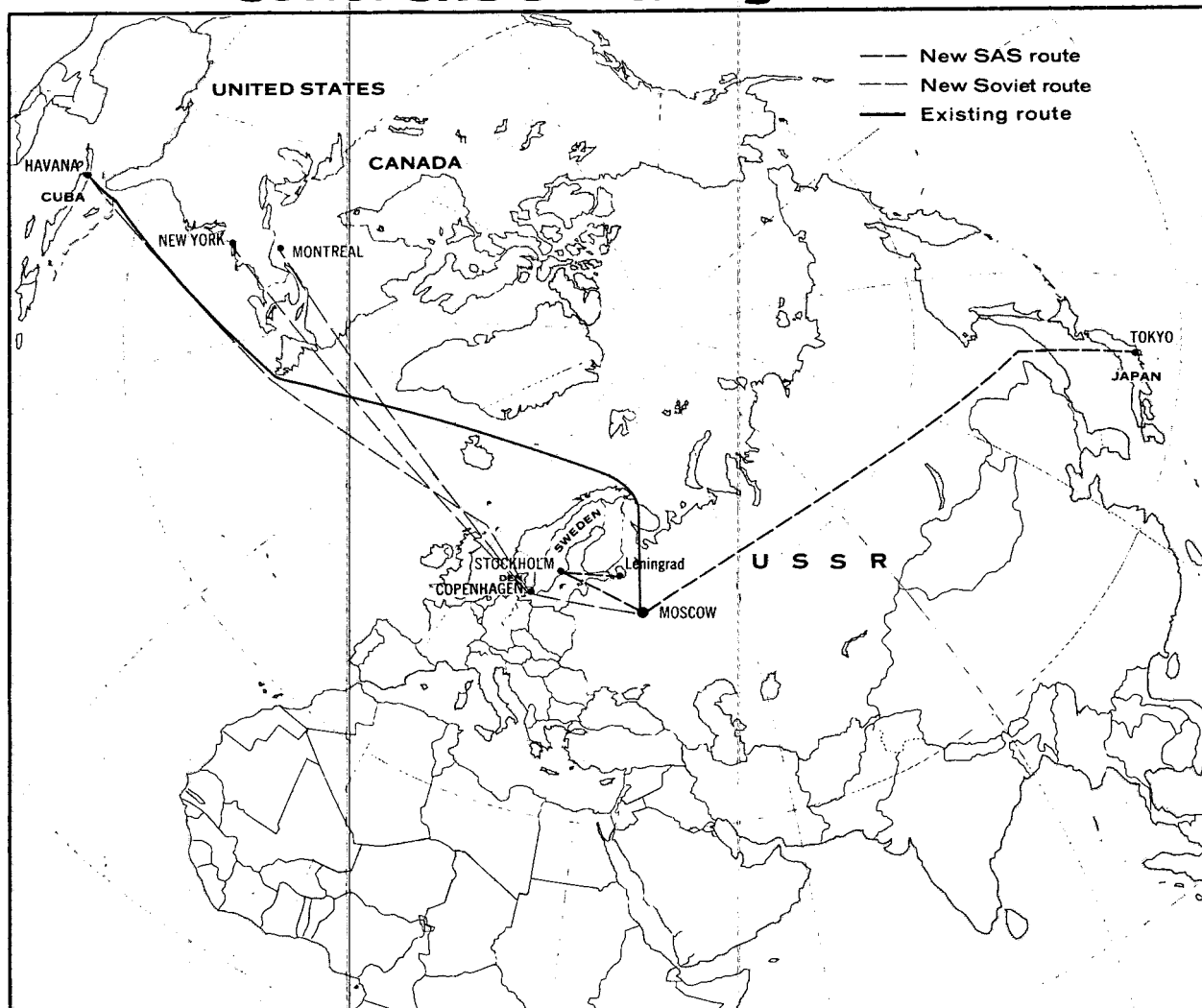
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Soviet-SAS Civil Air Agreement



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1. SOVIET - SCANDINAVIAN CIVIL AIR AGREEMENT

The USSR has gained a new air route to Cuba as the result of a Soviet-Scandinavian civil air agreement signed Saturday in Moscow.

The Scandinavians granted a Soviet request for overflight rights across Sweden and Denmark to Havana and for stops in Scandinavia en route to New York and Montreal. In return, Moscow gave the Scandinavian Airlines System (SAS) traffic rights to Leningrad and overflight rights across Siberia to the Far East as soon as that route is opened to non-Soviet aircraft (see map).

SAS thus has protected its long-standing interest in the coveted Siberian route, if and when it becomes available. The Scandinavians have said that they will withdraw Moscow's overflight rights to Cuba, however, if the Siberian flights do not materialize within a period of about two years.

By accepting the Soviet proposal, Norway and Denmark broke an informal NATO agreement, reaffirmed about three years ago, not to permit Soviet overflights to Cuba. Scandinavian officials have told the US, however, that the present situation is "somewhat different," and that their governments are in a difficult position as a result of the US-Soviet and Canadian-Soviet civil air agreements signed recently.

Moscow applied pressure by letting the Scandinavians believe it expects to secure an alternate route to Cuba via Central Europe, Austria, Switzerland, and France. The Soviets had hinted that they expected to get French cooperation, and that Air France might get the Siberian rights. However, a French official has told the US Embassy in Moscow that Paris would not consider terms for Siberian rights such as those given SAS "an adequate quid pro quo for anything as sensitive as Cuban rights."

At present Soviet traffic to Cuba makes a long detour via Murmansk. (SECRET)

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2. ISRAEL - ARAB STATES

An Israeli reprisal against Syria has become increasingly likely. Foreign Minister Eban publicly warned the Syrians on 16 January that Israel had reached the limit of its restraint in the face of what he termed Syria's policy of harassment along the border, adding, "We have the strength and will to make them stop."

The Israelis, in an effort to strengthen their case before international opinion, have sent a series of notes to the UN Security Council and promptly responded to U Thant's 15 January appeal for restraint on both sides by offering to discuss the situation at an emergency meeting of the Israeli-Syrian Mixed Armistice Commission. Eban emphasized, however, that before such a meeting could be held Syrian "shooting and bombing" must cease.

The frontier trouble has included sabotage--which caused the death of an Israeli on 14 January --and direct exchanges of fire. The sabotage has occurred near Israel's border with Lebanon, but the Israelis attribute it to Syrian-supported terrorists. Twice last week the direct firing along the Syrian border developed into exchanges between tanks. The dispute there centers on the seemingly insoluble differences over the status of fields in the demilitarized zones.

An Israeli strike could probably be mounted with no further warning. The Israelis have strengthened their forces near the border, and in the opinion of the US defense attaché in Tel Aviv they now could launch either a limited ground attack or a joint ground-air strike. The Syrians appear to be bracing themselves for an attack and show no intention to stop harassing the Israelis.

The recriminatory Arab exchanges over defense policy probably have encouraged Syrian bellicosity. Jordan, whose relatively moderate policy toward Israel has drawn criticism from the radical Arabs, was troubled last week by new antiregime demonstrations in Palestinian west Jordan. (CONFIDENTIAL)

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3. NIGERIA

Nigeria's long drift toward fragmentation and possible civil war was checked, at least temporarily, by the recent meeting in Ghana of all key leaders of the Nigerian military regime. At this time, however, the small area of genuine understanding among them is still offset by continued disagreement on basic issues and critical details.

This was the first face-to-face meeting between Eastern military governor Ojukwu and the present head of the federal government, Lt. Col. Gowon, since last summer, when Northern soldiers killed General Ironsi, the Easterner who was Gowon's predecessor.

The principal achievement was the restoration of a degree of confidence and trust among the leaders. Beyond that, the participants made some tentative progress toward patching up their interim regime, which all agreed should continue for some time. Limited agreement was also reached on reorganizing the shattered army and helping victims--mostly Easterners--of last year's upheavals.

The leaders did not come to grips with such core issues as the creation of new states and the allocation of revenues and powers in a new governmental system. Their final communiqué merely provided for the resumption "as soon as practicable" of the adjourned constitutional conference. Ojukwu subsequently indicated that three special new expert committees concerned with finance, the army, and federal decrees are to meet over the next month.

The Ghana meeting has reduced the likelihood of either Eastern secession or more forceful federal moves against the East. Much will depend, however, on how the limited agreements reached are interpreted and implemented. Both Gowon and Ojukwu are still wary of each other's intentions and any new frictions could quickly sour their relations anew. (SECRET NO FOREIGN DISSEM)

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4. LAOS

Prime Minister Souvanna will probably get a more cooperative National Assembly as a result of the election held on 1 January, but the outcome has also strengthened the hand of key regional commanders.

A still-incomplete tally of votes indicates that possibly 40 of the new assembly's 59 seats will be occupied by deputies who were elected on the prime minister's "united front" slate. Although these deputies are pledged to support Souvanna and Laos' tripartite government, they probably owe primary allegiance to the military commanders responsible for their success. The deputies will probably back Souvanna only as long as he retains the support of these commanders.

In addition, it remains to be seen how much control the regional commanders can exercise over their delegates. Much will depend on Souvanna's attitude and how adroitly he handles issues that are almost certain to arise between him and the new assembly. One suggestion that he will be more flexible in his approach appeared in a recent conversation in which he indicated that he plans to expand his cabinet; he had refused to do this when the previous assembly demanded it.

As expected, the election has weakened the positions of neutralist and rightist politicians. More important, however, were the losses suffered by General Kouprasith, chief of the general staff, who managed to elect only three of his nine candidates. Kouprasith, long the strongest military figure in Laos, will be especially concerned over the gains made by regional commanders whose power and independence he has been trying to curtail.

On the military front, Communist troops, including substantial numbers of North Vietnamese, have launched their annual campaign to clear government guerrillas from northern Laos. Although they overran several small government positions last week, it is doubtful that the Communists will be able to hold them very long. (CONFIDENTIAL NO FOREIGN DISSEM)

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5. BAHAMAS

Progressive Liberal Party (PLP) leader Lynden O. Pindling is the islands' first Negro premier.

The stalemate resulting from the House of Assembly elections held on 10 January, in which both major parties won 18 seats, was broken following agreement by the one Labor Party member to vote with the PLP, and acceptance of the neutral House speakership by the lone independent. The formation of a PLP government brings an end to rule by the white-led United Bahamian Party in this predominantly Negro British colony.

Racist statements made by some PLP members during the campaign and the lack of expertise of the incoming PLP cabinet members have produced concern among the islands' white minority and foreign investors. Reliable reports indicate that there has been a considerable flight of capital from the Bahamas during the past several days. Recognizing the need to reassure the financial and commercial community, Pindling has issued statements telling investors that their money is safe and the country stable.

The new premier, however, will be faced with the task of controlling the more extreme elements in the PLP. Internal divisions in the party are likely and could result in new elections in the not too distant future.

The US consul general in Nassau believes that Pindling is anxious to maintain the best of relations with the United States. Present US military facilities in the Bahamas include support facilities for the Eastern Testing Range, which are located on Grand Bahama, Eleuthera, and San Salvador; an underwater test and evaluation center on Andros; and a radio direction finding facility on Eleuthera. (CONFIDENTIAL NO FOREIGN DISSEM)

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6. NICARAGUA

As the general elections scheduled for 5 February approach, the atmosphere in Nicaragua is one of uneasy calm that could erupt in violence. In spite of favorable economic prospects, political tension is increasing.

The well-organized and well-financed Nationalist Liberal Party (PLN) backing Anastasio Somoza has been campaigning much more effectively than the National Opposition Union (UNO) and is believed capable of winning a fair election. The UNO's major campaign pitch is that it is time to end the Somoza period of domination. This negative approach is unlikely to result in victory despite the existence of considerable anti-Somoza sentiment.

There are several indications that Somoza will not be content with a close win. In an obvious attempt at coercion, his brother Luis has been encouraging the electorate not to vote secretly, asserting that those in favor of Somoza should be proud to make their choice public. Furthermore, there is good reason to believe that the voter registration rolls have been padded.

The likelihood of Somoza's election has encouraged rumors of plotting and general unrest. The most dangerous periods will probably be the last two Sundays in January, when major rallies are to be held in Managua. There are also reports that Communist terrorism may follow the election. (SECRET NO FOREIGN DISSEM)

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7. VENEZUELA

The situation in Venezuela is calm, but pressures are mounting on President Leoni to decide how firmly he will stand behind last month's crackdown on the Communists.

The suspension of constitutional guarantees and the military occupation of Central University have met with general acceptance, even among opposition political groups. The government and the military continue to work closely on the university problem.

Nevertheless, President Leoni is caught between strong contending pressures, to remain firm in his position on one hand and to return to normal constitutional rule and extraterritoriality on the other. If he continues firm he will eventually expose himself to political difficulties, including criticism from leftist and moderate elements. If he softens his position he will probably be in serious trouble with at least some sectors of the military.

The terrorists were thrown off balance by the clampdown and thus far have not resumed operations. Should they renew their campaign, particularly after constitutional guarantees are restored, severe stress between the government and the military probably would result.

Student reaction to the government's measures could also cause problems. High school students returned to class on 9 January, and Central University is scheduled to reopen in mid-February. (SECRET)

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